



Opinion: USAID must protect the integrity of its humanitarian aid programs

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U.S. embassy staff hang a banner on a truck loaded with humanitarian aid. Photo by: Muhammad Hamed / Reuters

The U.S. Agency for International Development provided over \$7 billion in humanitarian aid in 2020, often going to regions where groups designated as terrorists by the U.S. government control large swaths of territory, including in Yemen, Syria, Iraq, Somalia, and Nigeria. In these chaotic places, terrorist, criminal, and corrupt actors view foreign aid as an opportunity for patronage, kickbacks, and financing illicit activities. For many years, however, USAID “lacked a framework to manage fraud risks in humanitarian responses,” the Office of the USAID Inspector General concluded this spring.

Over time, this policy failure has created a moral hazard that the American people could be financing conflicts responsible for massive humanitarian catastrophes. The situation calls for more sophisticated oversight if the U.S. is going to continue to provide aid in chronic, man-made crises.

An example is Yemen, where donor controls over the distribution of humanitarian relief have not worked to prevent the theft and diversion of food assistance. As Woodrow Wilson Center scholar Asher Orkaby noted recently, aid in Yemen “is often siphoned off in the form of payments to ghost employees [and] inflate[s] prices for local transport and storage.” In 2019 and 2020, USAID and other donors took the extraordinary step of scaling back operations in northern Yemen following systematic efforts by Houthi terrorists to obstruct deliveries of aid and their demands to receive “two percent of all NGO aid budgets.”

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Given the Biden administration's announcement of increased assistance in Hamas-controlled Gaza, the scaling up of aid to Yemen, and the current crisis in Haiti, USAID will likely disburse more humanitarian aid in 2021 than ever before. Reforms instituted in 2020 and early 2021 have given the agency the tools to carry out its due diligence more effectively, including a set of policies designed to reduce the chance that U.S. humanitarian assistance could be diverted to terrorist or other criminal enterprises.

But this progress is fragile, and constant vigilance is necessary to ensure the integrity of relief programs funded by the American taxpayer.

USAID Administrator Samantha Power correctly affirmed in her confirmation hearing that the agency must "make sure assistance reaches its intended beneficiaries." Here are a few ways she can do just that.

First, USAID must maintain its new policy to vet the key personnel of all organizations that manage humanitarian aid in countries where the agency has already vetted its implementers of development assistance for many years — Pakistan, Afghanistan, Iraq, Yemen, Lebanon, and the West Bank and Gaza.

The new policy allows for the disbursement of "urgently needed" aid before the completion of vetting, but ensures that all those who handle U.S. taxpayer humanitarian funds will undergo a security check to establish they do not have ties to terrorists. This includes contractors and sub-contractors that present an elevated risk.

One specific aspect of the policy merits special attention and action from the new administration: the vetting of money transfer agents, or money-service businesses. Often known as Hawalas, MTAs range from formal quasi-banking institutions, such as post offices, to mom-and-pop operations. While MTAs can be invaluable resources for diaspora communities to send remittances to family members and for aid organizations that work in failing states, too many of them engage in lax practices exploited by criminal syndicates and terrorist groups to conduct illicit activities that threaten our security and violate our most basic values, such as human trafficking.

The U.S. Treasury has sanctioned a number of MTAs around the world for laundering money for terrorists. Under the policy adopted in January, USAID signaled for the first time its intention to publish regulations and mandatory award provisions to vet MTAs. This will plug a significant gap in the agency's humanitarian assistance oversight. Power should ask her team to prioritize this task.

Finally, the Biden administration should increase funding to support the important structural reforms at USAID that improved the agency's vetting of partners. The changes replaced duplicative authorities and a fragmented, inefficient approach to screening partners with a comprehensive, centralized system led by the agency's Office of Security, USAID's liaison to the Intelligence Community and its Terrorist Screening Center.

As a result, the Office of Security can now manage the hiring and allocation of vetting analysts, more of whom are needed to do the time-consuming work of due diligence on the recipients of awards, through one contract. USAID's Missions and Senior Bureau officials will maintain final decision-making on the eligibility of organizations for funding, but the central management of vetting assistants empowers them with the information they need to ensure good stewardship of resources and minimize the prospect of diversion.

Funding terrorism and conflict violates all ethical and humanitarian principles and erodes public support for USAID's programs. The Trump administration's reforms extended humanitarian aid vetting outside of Syria for the first time and responded to persistent demands from the Government Accountability Office, the Office of the Inspector General, and members of Congress for adequate protections for USAID's humanitarian funds.

They protect our implementers against risks of running afoul of U.S. anti-terrorism laws. To fulfill the pledge she made at her confirmation hearing, Power should leave in place USAID's policy and centralized structure for the vetting of humanitarian assistance and fund the hiring of additional vetting assistants, while moving expeditiously to publish specific regulations and mandatory grant or contract provisions for vetting MTAs.

These are reasonable steps to ensure that aid gets to those who need it while protecting us from those who would do us harm.

The views in this opinion piece do not necessarily reflect Devex's editorial views.

About the authors
